



The President's Daily Brief

29 September 1969

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WEST GERMANY

Kiesinger's Christian Democrats emerged again as the leading party in yesterday's Bundestag election, but the shape of the next government is still uncertain.

With 46.1 percent of the vote, the Christian Democrats (CDU) were off 1.5 percent from their 1965 showing. The Social Democrats (SPD), obviously benefiting from their constructive role in the grand coalition since 1966, scored their most impressive tally yet, with 42.7 percent of the vote, an increase of 3.4 percent over four years ago. The neo-Nazi National Democrats (NPD), by failing to gain the five percent necessary for entry into parliament, suffered a crippling blow in their once promising effort to become a force in national politics.

The small Free Democratic Party (FDP) got only 5.8 percent of the vote as compared with 9.5 percent in 1965. As a result of its poor showing, it is likely to become even more fractious and thus less attractive as a coalition partner for either of the large parties. An SPD-FDP link-up, while still possible, would have only a very narrow, unstable parliamentary majority. Demoralized by the party's dismal showing, it is even possible that several deputies of conservative bent will prove susceptible to attractive offers from the CDU. The shift of only seven Free Democrats could give the CDU a majority in its own right.

A renewal of the grand coalition of Christian Democrats and Socialists faces several difficult but probably not

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insurmountable problems, including what to do about inflation, the bitter controversy over possible revaluation of the mark, and the differing assessments over prospects for rapprochement with the East. The Socialists likely would demand a nearly co-equal status in such a government on the basis of their newly won seats. In any event, coalition negotiations could well extend well beyond the start of the new parliament on 20 October.

A significant aspect of the election outcome is the poor showing of the radical parties of right and left, thus belying oft-expressed fears that the grand coalition would tend to encourage the growth of political extremists. Also, the success of the Socialists, combined with the decline of the FDP and the failure of the NPD, probably improves the prospects of enacting basic reform in the electoral laws toward a system closer to the essentially two-party systems which prevail in Britain and the US.

CZECHOSLOVAKIA

As the results of the recent central committee plenum slowly seep out, it seems clear that the ultraconservatives registered significant gains, but Husak appears to have retained control of the party. Among the 29 members dropped from the central committee were former foreign minister Hajek and Josef Smrkovsky. One of the major targets of the extremists, Smrkovsky will also lose his position as deputy chairman of the federal assembly.

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Dubcek lost his seat on the presidium and his post as chairman of the federal assembly. He was not purged from the central committee, however, which probably reflects Husak's influence. Dubcek's place in the presidium will be taken by the relatively moderate Josef Kempny. Kempny is now one of only four men who hold seats on both the party presidium and the secretariat. Also named a deputy premier, Kempny should be one of the most powerful political figures in Czechoslovakia.

The new federal government appointed over the weekend also seems to be fairly moderate. Most of the men replaced had been under attack for their roles in the poor showing of the economy. Premier Cernik, Defense Minister Dzur, and Foreign Minister Marko, who had come under political attack, managed to hold on to their jobs.

WARSAW PACT EXERCISE

On Saturday, military units from the Soviet Union, Czechoslovakia, East Germany, and Poland wound up the six-day exercise dubbed Oder Neisse 69. It was the largest exercise Pact forces have ever held in Poland and one of the largest they've ever held anywhere.

The maneuvers were highly publicized, and seemed designed to demonstrate Pact unity and combat readiness rather than to train troops.

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Northern Laos

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LAOS

Evidence that North Vietnam is sending sizable troop reinforcements into north Laos continues to accumulate.

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In the meantime, General Vang Pao's government forces continue to clean up around several recently captured high-ground areas on the northern fringes of the Plaine des Jarres, and enemy resistance on all fronts in the Plaine seems to have slackened for the moment. Government units also appear to be on the verge of retaking Muong Soui, the former neutralist headquarters which was overrun in late June.

* * *

The enemy has had some sizable losses in equipment and supplies during recent government operations in northern Laos. Our analysts, taking a look at the categories and their valuation, have concluded that these losses as of mid-September totaled some \$6.5 million. These are some examples:

<u>Item</u>	<u>Quantity</u>	<u>Value, US dollars</u>
Medical supplies	551 tons	1.5 million
Ammunition	2,156 tons	1.1 million
PT-76 tanks	14	739 thousand
Trucks	109	545 thousand
Recoilless rifles	411	428 thousand

Most of this material was abandoned by the Communists, and much of it was still usable.

VIETNAM

The Chinese have given the North Vietnamese delegation to Peking's National Day ceremonies a warm welcome. The delegation, headed by Premier Pham Van Dong, was met at the

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airport Saturday by Chou En-lai and other high-ranking officials. At a banquet Chou gave the Vietnamese that evening, he reasserted China's "powerful backing" for North Vietnam and its call for Hanoi to persevere until final victory is achieved.

The day before the delegation reached Peking, China and North Vietnam announced a new agreement covering economic and military aid for 1970; no specifics on the nature or scope of the aid are provided. Since 1965, China has accounted for about one fourth of the some \$3 billion in economic and military aid given North Vietnam by other Communist countries. Almost half of China's aid has been economic--mainly food-stuffs.

Hanoi and Peking are fulsome in their praise of each other in their propaganda coverage of both the delegation's arrival and the aid agreement. In the case of China, this contrasts markedly with its performance during last year's 1 October celebrations, when the subject of Vietnam was virtually ignored.

ETHIOPIA

General Iyassu, the chief of staff of the Ethiopian Army, recently reiterated his long-standing concern over unrest in the army in a conversation with Ambassador Hall. Iyassu admits he no longer is in close touch with his younger officers, but he says he can vouch for the fact that discontent is growing among them. Ethiopia's growing financial difficulties

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have aggravated their unhappiness, but their basic complaint seems to be that the government, which at best was never very innovative, is losing whatever forward momentum it had as Haile Selassie ages. Iyassu says the young officers are studying the Libyan example closely and that a coup is a real possibility.

Iyassu is something of an alarmist, and what he says must be taken with reserve. It is true, however, that signs of unrest among the younger generation of Ethiopians have been accumulating at a fairly steady rate. Up to now Haile Selassie, with practiced Byzantine craft, has kept the young people's aspirations under control, aided by the inertia which pervades Ethiopian society. Age has quite clearly slowed him down, however, and his touch is no longer as sure as it once was. Political turmoil, anticipated when Haile Selassie's long reign ends, could break out even before he goes.

BOLIVIA

Obviously, General Ovando has been paying a great deal of attention to happenings in Peru. He has selected a US-owned petroleum company--Bolivia Gulf--to be the symbolic bete noire of his struggle to gain support from the people. Like the coup itself, the pressure on Gulf was telegraphed well in advance.

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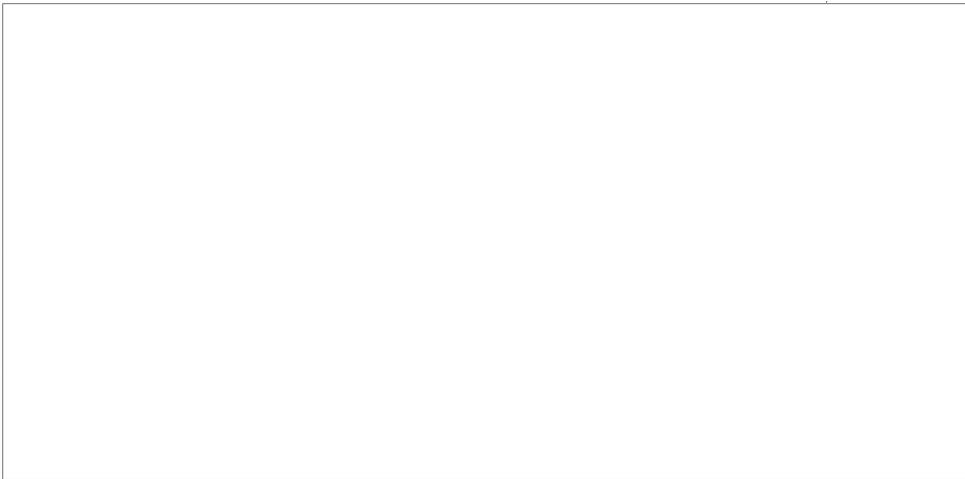
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At this stage, Ovando seems to be thinking less about actual nationalization and more about ways to squeeze extra government revenue out of the company. Ovando undoubtedly has a number of obligations that only money can fulfill, among them a promise to increase wages for miners.

SOVIET UNION

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